

OMB CIRCULAR NO. A-11

PART 7

PLANNING, BUDGETING, ACQUISITION, AND MANAGEMENT OF CAPITAL ASSETS



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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SECTION 300—PLANNING, BUDGETING, ACQUISITION, AND MANAGEMENT OF CAPITAL ASSETS

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Ex-300 Capital Asset Plan and Business Case

Summary of Changes

Revises the definition of major acquisition/investment and adds definitions for interagency acquisition and energy savings performance contract (section [300.4](#)).

Clarifies the baseline modification process ([exhibit 300](#) I.H.2 – I.H.4).

300.1 What is the purpose of this section?

Part 7 (section 300) of this Circular establishes policy for planning, budgeting, acquisition and management of Federal capital assets, and instructs you on budget justification and reporting requirements for major information technology (IT) investments. OMB provides procedural and analytic guidelines for implementing specific aspects of these policies as appendices and supplements to this Circular and in other OMB circulars. For IT, this is a companion section to section [53](#).

For non IT capital assets contact your Resource Management Offices (RMOs) at OMB to determine budget justification and reporting requirements.

300.2 Does this section apply to me?

The policy and budget justification and reporting requirements in this section apply to all agencies of the Executive Branch of the Government subject to Executive Branch review (see section [25](#)). An exhibit 300 must be submitted for all major investments in accordance with this section. Major IT investments also must be reported on your agency's exhibit 53 (see section [53](#)) and be consistent with what is reported in section 51.3.

300.3 What background information must I know?

The Federal Government must effectively manage its portfolio of capital assets to ensure scarce public resources are wisely invested. Capital programming integrates the planning, acquisition and management of capital assets into the budget decision-making process, and is intended to assist agencies in improving asset management and in complying with the results-oriented requirements of:

- The Government Performance and Results Act of 1993 (GPRA), which establishes the foundation for budget decision-making to achieve strategic goals in order to meet agency mission objectives. Instructions for preparing strategic plans, annual performance plans, and annual program performance reports are provided in Part 6 of this Circular (see section [220](#)).
- The Federal Managers Financial Integrity Act of 1982 (FMFIA), Chief Financial Officers Act of 1990 (CFO Act) and Federal Financial Management Improvement Act of 1996, which require accountability of financial and program managers for financial results of actions taken, control over the Federal Government's financial resources, and protection of Federal assets. OMB policies and standards for developing, operating, evaluating, and reporting on financial management systems are contained in Circular A-127, *Financial Management Systems*, and section [52](#) of this Circular.
- The Energy Policy Act of 1992, which establishes an energy management requirement for Federal agencies that states not later than January 1, 2005, each agency shall, to the maximum extent practicable, install in Federal buildings owned by the United States all energy and water conservations measures with payback periods of less than 10 years.
- The Paperwork Reduction Act of 1995 (PRA), which requires that agencies perform their information resource management activities in an efficient, effective, and economical manner.
- The Clinger-Cohen Act of 1996, which requires agencies to use a disciplined capital planning and investment control (CPIC) process to acquire, use, maintain and dispose of information technology. OMB policy for management of Federal information resources is contained in Circular A-130, *Management of Federal Information Resources*, and section [53](#) of this Circular.
- The Federal Acquisition Streamlining Act of 1994, Title V (FASA V), which requires agencies to establish cost, schedule and measurable performance goals for all major acquisition programs, and achieve on average 90 percent of those goals. OMB policy for performance-based management is also provided in this section.
- The Federal Information Security Management Act (FISMA), which requires agencies to integrate IT security into their capital planning and enterprise architecture (EA) processes, conduct annual IT security reviews of all programs and systems, and report the results of those reviews to OMB.
- The E-Government Act of 2002 (P.L. 107-347), which requires agencies to develop performance measures for implementing E-Government (E-Gov). The Act also requires agencies to support government-wide E-Gov initiatives and to leverage cross-agency opportunities to further E-Gov. In addition, the Act requires agencies to conduct, and submit to OMB, privacy impact assessments for all new IT investments administering information in identifiable form collected from or about members of the public.

- The National Archives and Records Administration (NARA), which issues guidance for evaluating individual ERM CPIC proposals. This guidance can be found under the Records Management section of the NARA website (www.archives.gov/records_management/policy_and_guidance/cpic_guidance.html).
- Agencies, which may want to consider an enterprise-wide centralized approach to electronic records management (ERM). Often records of continuing value must be kept well beyond the life of the system that created the record. Doing so requires having the technology to read these records. Having a central ERM system with the capability to read these records into the future alleviates the need to maintain generally outdated software on many agency systems.

300.4 What special terms should I know?

Capital assets means land, structures, equipment, intellectual property (e.g., software), and information technology (including IT service contracts) used by the Federal Government and having an estimated useful life of two years or more. See Appendix One of the *Capital Programming Guide* for a more complete definition of capital assets. Capital assets do not include items acquired for resale in the ordinary course of operations or items acquired for physical consumption, such as operating materials and supplies. Capital assets may be acquired in different ways: through purchase, construction, or manufacturing; through a lease-purchase or other capital lease (regardless of whether title has passed to the Federal Government); through an operating lease for an asset with an estimated useful life of two years or more; through a share-in-savings contract, when appropriate under section 210 of the E-Government Act of 2002; or through exchange. Policy on leases is contained in part I, section [33.1](#). Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Capital assets do not include grants to State and local governments or other entities for acquiring capital assets (such as National Science Foundation grants to universities or Department of Transportation grants to AMTRAK) or intangible assets, such as the knowledge resulting from research and development or the human capital resulting from education and training. For more discussion on capital assets, you should consult the *Capital Programming Guide* (June 1997), a supplement to this circular.

Capital planning and investment control (CPIC) means the same as capital programming and is a decision-making process for ensuring that IT investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996 and generally is used in relationship to IT management issues.

Capital programming means an integrated process within an agency for planning, budgeting, procurement and management of the agency's portfolio of capital assets to achieve agency strategic goals and objectives with the lowest life-cycle cost and least risk.

Capital project (investment) means the acquisition of a capital asset and the management of that asset through its life-cycle after the initial acquisition. Capital projects (investments) may consist of several useful segments.

Earned value management (EVM) is a project (investment) management tool effectively integrating the investment scope of work with schedule and cost elements for optimum investment planning and control. The qualities and operating characteristics of earned value management systems (EVMS) are described in American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard –748–1998, *Earned Value Management Systems*, approved May 19, 1998. It was reaffirmed on August 28, 2002. A

copy of Standard 748 is available from Global Engineering Documents (1-800-854-7179). Information on EVMS is available at www.acq.osd.mil/pm.

Energy savings performance contract (ESPC) means a contract providing for the performance of services for the design, acquisition, financing, installation, testing, operation, and, where appropriate, maintenance and repair of an identified energy or water conservation measure or series of measures at one or more locations. See E.O. 13123 and the Federal Acquisition Regulation.

Full acquisition means the procurement and implementation of a capital project (investment) or useful segment/module of a capital project (investment). Full acquisition occurs after all planning activities are complete and the agency's Executive Review Committee or Investment Review Board (IRB) selects and approves the proposed technical approach and project (investment) plan, and establishes the baseline cost, schedule and performance goals for this phase of the investment.

Full funding means appropriations—regular annual appropriations or advance appropriations—are enacted that are sufficient in total to complete a useful segment of a capital project (investment) before any obligations may be incurred for that segment. When capital projects (investments) or useful segments are incrementally funded, without certainty if or when future funding will be available, it can result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project (investment) delays, cancellation of major projects (investments), the loss of sunk costs, or inadequate funding to maintain and operate the assets. Budget requests for full acquisition of capital assets must propose full funding (see section [31.5](#)).

Integrated Project Team (IPT) means a multi-disciplinary team led by a project manager responsible and accountable for planning, budgeting, procurement and life-cycle management of the investment to achieve its cost, schedule and performance goals. Team skills include: budgetary, financial, capital planning, procurement, user, program, architecture, earned value management, security, and other staff as appropriate.

Interagency acquisition means the use of the Federal Supply Schedules, a multi-agency contract (i.e., a task order or delivery order contract established by one agency for use by government agencies to obtain supplies and services, consistent with the Economy Act, 31 U.S.C. 1535), or a government-wide acquisition contract (i.e., a task-order or delivery-order contract for information technology established by one agency for government-wide use that is operated by an executive agent designated by OMB pursuant to section 11302(3) of the Clinger Cohen Act of 1996).

Life-cycle costs means the overall estimated cost, both Government and contractor, for a particular program alternative over the time period corresponding to the life of the program, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance.

Major acquisition/investment means a system or project requiring special management attention because of its importance to the mission or function of the agency, a component of the agency or another organization; is for financial management and obligates more than \$500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; or is defined as major by the agency's capital planning and investment control process. OMB may work with the agency to declare other investments as major investments. If you are unsure about what investments to consider as "major," consult your agency budget officer or OMB representative. Systems not considered "major" are "non-major."

Mixed life-cycle investment means an investment that has both development/modernization/enhancement (DME) and steady state aspects. For example, a mixed life-cycle investment could include a prototype or

module of a system that is operational with the remainder of the system in DME stages; or, a service contract for steady state on the current system with a DME requirement for system upgrade or replacement.

Operational (steady state) means an asset or part of an asset that has been delivered and is performing the mission.

Performance-based acquisition management means a documented, systematic process for program management, which includes integration of program scope, schedule and cost objectives, establishment of a baseline plan for accomplishment of program objectives, and use of earned value techniques for performance measurement during execution of the program. EVMS is required for those parts of the investment where developmental effort is required. This includes prototypes and tests to select the most cost effective alternative during the Planning Phase, the work during the Acquisition Phase, and any developmental, modification or upgrade work done during the Operational/Steady State Phase. EVMS is to be applied to both Government and contractor efforts. For operational/steady state systems, an operational analysis system as discussed in Phase IV of the *Capital Programming Guide* is required. A performance-based service contract/agreement with a defined quality assurance plan should be the basis for monitoring contractor or in-house performance of this phase.

Planning means preparing, developing or acquiring the information you will use to: design the investment; assess the benefits, risks, and risk-adjusted life-cycle costs of alternative solutions; and establish realistic cost, schedule, and performance goals, for the selected alternative, before either proceeding to full acquisition of the capital project (investment) or useful segment or terminating the investment. Planning must progress to the point where you are ready to commit to achieving specific goals for the completion of the acquisition before preceding to the acquisition phase. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning is a useful segment of a capital project (investment). Depending on the nature of the investment, one or more planning segments may be necessary.

Privacy impact assessment (PIA) means a process for examining the risks and ramifications of using information technology to collect, maintain and disseminate information in identifiable form from or about members of the public, and for identifying and evaluating protections and alternative processes to mitigate the impact to privacy of collecting such information. Consistent with September 26th, 2003 OMB guidance (M-03-22) implementing the privacy provisions of the E-Government Act, agencies must conduct, and submit to OMB, privacy impact assessments for all new or significantly altered information technology investments administering information in identifiable form collected from or about members of the public. Agencies choosing to conduct privacy impact assessments for information technology investments administering information in identifiable form collected from or about agency employees need not submit them to OMB.

Risk adjusted life-cycle costs means the overall estimated cost for a particular investment alternative over the time period corresponding to the life of the investment, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance that has been adjusted to accommodate any risk identified in the risk management plans. If project funding is to be requested for specific phases, segments or modules of the project, each of these parts will be risk adjusted for their individual life-cycle.

Share-in-savings contract means a contract for information technology in which the Government, under the authority of section 210 of the E-Government Act of 2002, awards a contract to improve mission-related or administrative processes, or to accelerate the achievement of its mission and share with the contractor in savings achieved through contract performance. For help in determining whether a share-in-savings project should be pursued go to www.gsa.gov/shareinsavings.

Useful segment/module means an economically and programmatically separate component of a capital investment that provides a measurable performance outcome for which the benefits exceed the costs, even if no further funding is appropriated.

Utility energy efficiency service contract (UESC) means a local utility providing up-front project funding and Federal agencies pay for the services over time, either on their utility bill, or through a separate demand-side management agreement. See FAR Part 41 for more information.

Additional budget terms and definitions are included in the Glossary in [Appendix J](#), "Principles of Budgeting for Capital Asset Acquisitions" and in section [53](#) (for IT).

300.5 How will agencies manage capital assets?

Agencies must establish and maintain a capital programming process that links mission needs and capital assets in an effective and efficient manner. Effective capital programming requires long-range planning and a disciplined budget decision-making process as the basis for managing a portfolio of assets to achieve performance goals and objectives with minimal risk, lowest life-cycle costs, and greatest benefits to the agency's business. The process will integrate the agency's capital investments; strategic and performance plans prepared pursuant to the Government Performance and Results Act of 1993; financial management plans prepared pursuant to the Chief Financial Officer Act of 1990 ([31 U.S.C. 902a5](#)); information resource management plans prepared pursuant to the Clinger-Cohen Act (Pub. L. 104–106, Division E); method for performance-based acquisition management under the Federal Acquisition Streamlining Act of 1994, Title V; and budget formulation and execution processes.

The documented capital programming process defines how an agency will select capital investment included in the agency's capital asset portfolio for funding each year; how capital investments, once initiated, will be controlled to achieve intended cost, schedule, and performance outcomes; and how once the asset is operational the agency will continue to evaluate asset performance to maintain a positive return on investment. A cross-functional executive review committee acting for or with the Agency Head must be responsible for managing the agency's entire capital asset portfolio, making decisions on the best allocation of assets to achieve strategic goals and objectives within budget limits. This process must also leverage opportunities for collaboration across agencies on capital assets that support common lines of business to serve the citizens, businesses, governments, and internal Federal operations.

The *Capital Programming Guide*, which supplements this part, provides guidance on the principles and techniques for effective capital programming. [Appendix J](#) of this part explains the principles of financing capital asset acquisitions. Section 8b of OMB Circular A–130 establishes additional requirements for EAs, planning and control of information systems and technology investments and performance management. Agencies must develop, implement, and use a capital programming process to develop their capital asset portfolio, and must:

- Evaluate and select capital asset investments that will support core mission functions that must be performed by the Federal Government and demonstrate projected returns on investment that are clearly equal to or better than alternative uses of available public resources;
- Initiate improvements to existing assets or acquisitions of new assets only when no alternative private sector or governmental source can more efficiently meet the need;
- Simplify or otherwise redesign work processes to reduce costs, improve effectiveness, and make maximum use of commercial services and off-the-shelf technology;

- Reduce project risk by avoiding or isolating custom designed components, using components that can be fully tested or prototyped prior to full implementation or production, and ensuring involvement and support of users in the design and testing of the asset;
- Structure major acquisitions into useful segments with a narrow scope and brief duration, make adequate use of competition and appropriately allocate risk between Government and contractor. The Agency Head must approve or define the cost, schedule, and performance goals for major acquisitions, and the agency's Chief Financial Officer must evaluate the proposed cost goals;
- Ensure consistency with Federal, agency, and bureau EAs, demonstrating such consistency through compliance with agency business requirements and standards, as well as identification of milestones, as defined in the EA transition strategy;
- Institute performance measures and management processes that monitor and compare actual performance to planned results. Agencies must use a performance-based acquisition management system, based on the ANSI/EIA Standard 748, to obtain timely information regarding the progress of capital investments. The system must also measure progress towards milestones in an independently verifiable basis, in terms of cost, capability of the investment to meet specified requirements, timeliness, and quality. Agencies are expected to achieve, on average, 90 percent of the cost, schedule and performance goals for major acquisitions. Agency heads must review major acquisitions that are not achieving 90 percent of the goals to determine whether there is a continuing need and what corrective action, including termination, should be taken;
- Ensure IT systems conform to the requirements of OMB Circular No. A–130, "Management of Federal Information Resources;"
- Ensure financial management systems conform to the requirements of OMB Circular No. A–127, "Financial Management Systems;"
- Conduct post-implementation reviews of capital programming and acquisition processes, and projects to validate estimated benefits and costs, and document effective management practices, i.e., lessons learned, for broader use; and
- Establish oversight mechanisms that require periodic review of operational capital assets to determine how mission requirements might have changed, and whether the asset continues to fulfill ongoing and anticipated mission requirements, deliver intended benefits to the agency and customers, and meet user requirements.

300.6 How are capital asset acquisitions funded?

(a) *Background.*

Good budgeting requires appropriations for the full risk adjusted costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account when decisions are made about providing resources. For most spending on acquisitions, this rule is followed throughout the Government. When capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project (investment) delays, cancellation of major investments, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

(b) *Full funding policy.*

The full funding policy (see section [31.5](#)) requires each useful segment (or module) of a capital investment be fully funded with either regular annual appropriations or advance appropriations. For definitions of these terms, see section [300.4](#) or the Glossary of Appendix J. Appendix J elaborates on the full funding concept (see [Appendix J section C](#), Principles of Financing).

For the budget submissions, you are required to request full budget resources for all ongoing and new proposals for capital assets or at least for each useful segment of a capital project (investment).

Identify in the budget submission any additional budget authority required to implement full funding for existing investments. Adjustments to your planning guidance levels will be considered based on your budget submissions.

(c) *Share-in-savings.*

Acquisitions using the share-in-savings authority in section 210 of the E-Government Act of 2002 must be funded from the funds that would have been appropriated for operations and maintenance of the legacy system the new system is replacing.

300.7 What is exhibit 300 and how is it organized?

The exhibit 300 is a format for the IPT to demonstrate to agency management and OMB that it has employed the disciplines of good project management, represented a strong business case for the investment, and met other Administration priorities to define the proposed cost, schedule, and performance goals for the investment if funding approval is obtained. The information you report on exhibit 300 helps management:

- Determine adherence to the agency's capital programming and investment decision-making process;
- Ensure spending on capital assets directly supports your agency's mission and will provide a return on investment equal to or better than alternate uses of funding;
- Identify poorly performing investments, i.e. investments that are behind schedule, over budget, or lacking in capability;
- Identify capital assets no longer fulfilling ongoing or anticipated mission requirements or do not deliver intended benefits to the agency or its customers; and
- Ensure strong business cases are provided for IT investments. These business cases should include security, privacy, EA, and provide the effectiveness and efficiency gains planned by the business lines and functional operations. Agency management must use the core criteria in section [300.11](#) to evaluate the adequacy of IT business cases. The agency's executive/investment review committee when making decisions about the best allocation of resources to achieve strategic goals and objectives within budget limits should consider business case evaluations.

Exhibit 300 consists of two parts, each of which is designed to collect information that will assist agency management and OMB during budget review. Agencies must review their portfolio of capital assets each year to determine whether it continues to meet agency's mission needs, reconciled with existing capabilities, priorities and resources. Capital asset investments should be compared against one another,

rated and ranked using decision criteria (such as investment size, complexity, technical risk, expected performance benefits or improvement) to create a prioritized portfolio. You should request funding only for priority capital asset investments that demonstrate compliance with the requirements for managing capital assets described in this section and the agency's capital programming process. As a general presumption, OMB will only consider recommending for funding in the President's Budget, priority capital asset investments that comply with the policies for good capital programming described in section [300.5](#), and the *Capital Programming Guide*.

New investments must be justified based on the need to fill a gap in the agency's ability to meet strategic goals and objectives (including those identified in section [53](#)) with the least life-cycle costs of all the various possible solutions and provide risk-adjusted cost and schedule goals and measurable performance benefits. Investments that are still in the planning or full acquisition stages must demonstrate satisfactory progress toward achieving baseline cost, schedule and performance goals. Assets that are in operation (steady state) must demonstrate how close actual annual operating and maintenance costs are to the original life-cycle cost estimates and whether the level or quality of performance/capability meets the original performance goals and continues to meet agency and user needs.

OMB will present investments for the President's E-Gov and Line of Business (LoB) initiatives (Presidential initiatives), as well as new initiatives identified through the Federal Enterprise Architecture (FEA), using an integrated budget process complementing each agency's investment portfolio. OMB will work with agencies to build from the IT and E-Gov Strategy. Where one agency's activities could be aligned with those of another agency in order to better serve citizens, businesses, governments, and internal Federal operations, OMB will give priority to agencies that have worked collectively to present and support activities in an integrated fashion. The FY 2007 Budget will appropriately reflect such interagency collaboration, and agencies will be expected to use the exhibit 300 to demonstrate these efforts.

300.8 What other requirements does exhibit 300 fulfill?

Exhibit 300 is designed to coordinate OMB's collection of agency information for its reports to the Congress required by the Federal Acquisition Streamlining Act of 1994 (FASA Title V) and the Clinger-Cohen Act of 1996; to ensure that the business case for investments are made and tied to the mission statements, long-term goals and objectives, and annual performance plans that you developed pursuant to the GPRA; and for IT, exhibit 300s are used as one-stop documents for a myriad of IT management issues such as business cases for investments, IT security reporting, Clinger Cohen Act implementation, E-Gov Act implementation, Government Paperwork Elimination Act implementation, agency's modernization efforts, and overall project (investment) management.

300.9 What must I report on exhibit 300 and when?

Capital asset plans (exhibit 300s) are products of your capital programming process and should be developed for all capital assets. Capital asset plans for major acquisitions, investments, or systems are reported to OMB. You must submit a capital asset plan for each major investment, included in your agency's capital asset portfolio. Major IT acquisitions/investments are defined in section [53.3](#).

Exhibit 300 requires information demonstrating compliance with the capital programming and capital planning and investment control policies of this section and, for IT, compliance with OMB Circular A-130 and E-Gov related policy related memoranda. An agency must justify new or continued funding for major acquisitions by demonstrating: a direct connection to the agency's strategic plan; a positive return on investment for the selected alternative; sound acquisition (program and procurement) planning; comprehensive risk mitigation and management planning; realistic cost and schedule goals, and

measurable performance benefits. Detailed information to substantiate the portfolio of major investments included in your justification will be documented in accordance with your agency's capital programming process.

For IT, the funding stages for "Planning" plus "Full acquisition" are the same as the "Development/modernization/enhancement" entry described in section [53](#), and "Maintenance" is the same as "Steady state" in section 53. For further details on IT and IT reporting please see section [53](#). Detail on information technology reported in exhibit 300 should be aggregated and used to prepare section 53.

The information you must report will depend on whether you are reporting a new investment or an ongoing investment (see the heading in Part I).

New Investments

If you are reporting a new investment, i.e., proposed for BY or later, you must complete Part I, except for sections I.H.3 and I.H.4. For IT, you must also complete Part II. Investments in initial concept or planning phase will have less detail and defined specificity than investments moving into the acquisition or operational phase. However, these investments should identify in life-cycle documentation the dates these issues will be addressed as the investment matures. Where prototypes are acquired as part of the planning process, the prototypes must be reported as full acquisitions. All of the areas on the exhibit 300 must be part of an agency's planning and the business case (exhibit 300) updated as soon as the information is known. While exhibit 300s are officially submitted to OMB twice yearly, they should be management tools used within an agency and updated as the information is available.

Ongoing Investments

If reporting an ongoing investment other than IT, only update sections as appropriate in part I for the phase of the investment. If any of the cost, schedule or performance variances are a negative 10 percent or more, provide a complete analysis of the reasons for the variances, the corrective actions that will be taken, and the most likely estimate at completion (EAC). Use the EVM system to identify the specific work packages where problems are occurring. Discuss why the problems occurred and corrective actions necessary to return the program as close as feasible to the current baseline goals. Based on the above analysis, provide and discuss the rationale for the IPT's latest EAC as the most likely EAC. In addition, provide the contractor's EAC and EACs derived from at least two common prediction formulas (see paragraph I.H.4 in exhibit 300) from the EVM system and discuss the differences among the values. EACs are subjective in nature and the contractor and Government EACs are often quite optimistic in an attempt to favor investment continuation. Use of the prediction formulas will give the IPT some proven parameters to structure the discussion. The objective is to provide a realistic EAC for management decisions to continue, restructure or terminate the investment.

Ongoing IT Investment and the Agency's Target Enterprise Architecture

IT investments, both ongoing and pre-existing investments reporting through the budget process, must complete Parts I and II. The IT investments must also be aligned with the agency's target EA and EA transition strategy. If reporting an ongoing IT investment that is operational, demonstrate the investment has undergone an E-Gov Strategy Review as part of the agency's EA. An E-Gov review is a comprehensive review and analysis performed on legacy systems and IT investments with a strategy for identifying smarter and more cost effective methods for delivering the performance. The exhibit 300 must demonstrate either the existing investment is meeting the needs of the agency and delivering the expected performance or that the investment is being modernized and replaced consistent with the target

EA and EA transition strategy. All of the sections of the business case should be used for completing an E-Gov review:

- The section on performance goals must identify the performance goals for the investment as it stands today; project management must address the four questions identified in exhibit 300;
- Alternatives analysis must be performed with a future-focus included in your E-Gov strategy rather than an alternatives analysis that was performed several years ago and no longer valid;
- The section on actual performance and variances from the OMB-approved baseline provide information from the operational analysis system to show whether the asset is meeting program objectives and the needs of the owners and users. As well, the section shows if the asset is performing within baseline cost, schedule and performance goals; and
- The sections in Part II, must be answered in their entirety with a focus on the E-Gov strategy review. All answers must demonstrate review of alternative ways to perform the business with a specific focus on E-Government or e-business technologies and supporting the President's Management Agenda.

The exhibit 300 must be submitted with your agency's budget submission (see section [25.4](#)). The exhibit 300 should be fully integrated with your agency's overall budget submission. For the FY 2007 Budget, all reporting on IT must be submitted via XML. For capital projects (investments) other than IT, agencies are encouraged to submit the exhibit 300 electronically, following the same instructions provided above.

Multi-Agency Business Cases and Capital Asset Plans

The managing partner (lead agency) will take the lead for the business case and capital asset plan to include managing it through the agency capital planning and budget process and submitting the exhibit 300 to OMB. The partnering agencies information on funding and milestones is reflected in investment and funding plan section of the exhibit 300. The investment and funding plan will identify all participating agencies, the milestones they are responsible for, and the appropriation/funding source information for the partner agencies.

Partnering agencies will reflect a line item on their exhibit 53 (see section [53](#)) indicating the funds are part of a multi-agency business case. The description provided on their exhibit 53 will describe where to find the business case in the managing partner's budget submission. Partnering agencies should ensure that their collaboration is indicated in the appropriate sections of the business case before it is submitted to OMB. The requirement for review for these investments is met by the managing partner agency's IRB review of the entire investment, and participating agencies report their participation via their exhibit 53 through individual agencies' capital planning process.

In those cases where individual agency investments should be part of a multi-agency business case but have not yet begun the migration process, the project (investment) and funding plan of the business case should reflect the migration strategy to the solution identified in the multi-agency business case. If an agency has agreed to partner on a business case and solution, only one business case is required for the initiative or investment. However, partnering agency must ensure their participation is demonstrated in the multi-agency business case.

300.10 How will OMB use the exhibit 300s?

Exhibit 300 is one component of your agency's total performance budget justification (see section [51.2](#)). OMB uses exhibit 300 to make both quantitative decisions about budgetary resources consistent with the Administration's program priorities and qualitative assessments about whether the agency's planning, acquisition, management and use of capital assets (investments) is consistent with OMB policy and guidance. For IT, OMB also considers the business case numerical evaluations provided by the agency using the following core set of criteria in section 300.11.

300.11 How will agencies evaluate business cases (BC) for major IT investments?

Evaluation	Definition
5	41–50 Strong documented business cases (including all sections as appropriate).
4	31–40 Very few weak points within the BC but still needs strengthening.
3	21–30 Much work remains to solidify and quantify BC. BC has the opportunity to either improve or degrade very quickly.
2	11–20 Significant gaps in the required categories of the BC.
1	1–10 Inadequate in every category of the required BC.

Acquisition Strategy (AS) (Part I, section I.G)

5	Strong acquisition strategy that mitigates risk to the Federal Government, accommodates Section 508 as needed, and uses contracts and statements of work (SOWs) that are performance based. Implementation of the acquisition strategy is clearly defined.
4	Strong acquisition strategy that mitigates risk to the Federal Government, accommodates Section 508 as needed, uses contracts and SOWs that are performance based. Acquisition strategy has very few weak points which agency is working to strengthen, and the implementation of AS is clearly defined.
3	Acquisition strategy does not appear to successfully mitigate risk to the Federal Government, accommodates Section 508 as needed, much work remains to solidify and quantify the AS, and contracts and SOWs do not appear to be performance based.
2	Acquisition strategy does not appear to successfully mitigate risk to the Federal Government, does not accommodate Section 508, does not appear to use performance based contracts and SOWs, and there is no clear implementation of the acquisition strategy.
1	There is no evidence of an AS.

Project (Investment) Management (PM) (Part I, sections I.D and I.H, and overall business case)

5	Project is very strong and has resources in place to manage it.
4	Project has few weak points in the area of PM and agency is working to strengthen PM.

- 3 Much work remains in order for PM to manage the risks of this project.
- 2 There is some understanding of PM for this project but understanding is rudimentary.
- 1 There is no evidence of PM.

Enterprise Architecture (EA) (Part II, section II.A) *for IT Only*

- 5 This investment is included in the agency's EA and CPIC process. Investment is mapped to and supports the FEA and is clearly linked to the following FEA reference models: Business Reference Model (BRM), Performance Reference Model (PRM), Service Component Reference Model (SRM), and Technical Reference Model (TRM). BC demonstrates the relationship of the investment to the business, data, application, and technology layers of the EA.
- 4 This investment is included in the agency's EA and CPIC process. Investment is mapped to and supports the FEA. Investment is clearly linked to the BRM but work is continuing to map the investment to the PRM, SRM, and TRM. BC is weak in demonstrating the relationship of the investment to the business, data, and application, and technology layers of the EA.
- 3 This investment is not included in the agency's EA and CPIC process, was not approved by the agency EA committee, or does not link to the FEA. BC demonstrates a lack of understanding on the layers of the EA (business, data, application, and technology).
- 2 While the agency has an EA framework, it is not implemented in the agency and does not include this investment.
- 1 There is no evidence of a comprehensive EA in the agency.

Alternatives Analysis (AA) (Part I, section I.E)

- 5 AA includes three viable alternatives, alternatives were compared consistently, and reasons and benefits were provided for the alternative chosen.
- 4 AA includes three viable alternatives, however work needs to continue to show alternatives comparison, and support must be provided for the chosen alternative.
- 3 AA includes fewer than three alternatives and overall analysis needs strengthening.
- 2 AA includes weak AA information and significant weaknesses exist.
- 1 There is no evidence that an AA was performed.

Risk Management (RM) (Part I, section I.F)

- 5 Risk assessment was performed for all mandatory elements and risk is managed throughout the investment.
- 4 Risk assessment addresses some of the risk, but not all that should be addressed for this investment.
- 3 Risk management is very weak and does not seem to address or manage most of the risk associated with the investment.

2 Risk assessment was performed at the outset of the investment but does not seem to be part of the program management.

1 There is no evidence of a risk assessment plan or strategy.

Performance Goals (PG) (Part I, section I.C)

5 PG are provided for the agency and are linked to the annual performance plan. The investment discusses the agency's mission and strategic goals, and performance measures are provided.

4 PG are provided for the agency and are linked to the annual performance plan. The investment discusses the agency's mission and strategic goals, and performance measures are provided. Some work remains to strengthen the PG.

3 PG exist but the linkage to the agency's mission and strategic goals is weak.

2 PG are in their initial stages and are not appropriate for the type of investment. Much work remains to strengthen the PG.

1 There is no evidence of PG for this investment.

Security and Privacy (SE) (Part II, section II.B)

5 SE issues for the investment are addressed, all questions are answered, and a privacy impact assessment is provided in appropriate circumstances. Security/privacy detail is provided about the individual investment throughout the life-cycle to include budgeting for SE.

4 SE information for the investment is provided but there are weaknesses in the information that need to be addressed.

3 SE information for the investment is provided but fails to address the minimum requirements.

2 SE information points to an overall Agency Security Process with little or no detail at this investment level.

1 There is no SE information provided for the investment.

Performance Based Management System (PB) (Part I, section I.H)

5 Agency will use, or uses an EVMS that meets ANSI/EIA Standard 748 and investment is earning the value as planned for costs, schedule, and performance goals.

4 Agency uses the required EVMS and is within the variance levels for two of the three criteria. Work is needed on the third issue.

3 Agency uses the required EVMS but the process within the agency is either very new, not fully implemented, or there are weaknesses in this investment's EVMS information.

2 Agency seems to re-baseline rather than report variances.

1 There is no evidence of PB.

Life-Cycle Costs (LC) Formulation (multiple sections)

- 5 LC seem to reflect formulation that includes all of the required resources and is risk-adjusted to accommodate items addressed in the RM. It appears that the investment is planned well enough to come in on budget.
- 4 LC seem to reflect formulation of some of the resources and some of the issues as included in the risk adjustment strategy. Work remains to ensure that LC costs are accurately portrayed.
- 3 LC seem to reflect formulation of the resources but are not risk adjusted based on the risk management plan.
- 2 LC seem to include some of the resource criteria and are not risk adjusted.
- 1 LC do not reflect a planned formulation process.

Supports the President's Management Agenda Items (AI) (multiple sections)

- 5 This is a collaborative investment that includes industry, multiple agencies, State, local, or tribal governments, uses e-business technologies, and is governed by citizen needs. If the investment is a steady state investment, then an E-Gov strategy review is underway and includes all of the necessary elements. If appropriate, this investment is fully aligned with one or more of the Presidential initiatives.
- 4 This is a collaborative investment that includes industry, multiple agencies, State, local, or tribal governments, uses e-business technologies though work remains to solidify these relationships. If investment is in steady state, then an E-Gov strategy review is underway but needs work in order to strengthen the analysis. If appropriate, investment supports one or more of the Presidential initiatives but is not yet fully aligned.
- 3 This is not a collaborative investment, though it could be, and much work remains to strengthen the ties to the President's Management Agenda. If this is a steady state investment and no E-Gov strategy is evident, this investment will have a difficult time securing continued or new funding from OMB. If appropriate, this investment supports one or more of the Presidential initiatives but alignment is not demonstrated.
- 2 This is not a collaborative investment and it is difficult to ascertain support for the AI. If this is a steady state investment, then no E-Gov strategy was performed or is planned.
- 1 There seems to be no link to the AI and E-Gov strategy.

Evaluation Element	Evaluation	Evaluation Element	Evaluation
Business Case (BC) Total		Performance Goals (PG)	
Acquisition Strategy (AS)		Security (SE)	
Program Management (PM)		Performance Based Management System (PB)	
Enterprise Architecture (EA)		Life Cycle Costs Formulation (LC)	
Alternatives Analysis (AA)		Supports the President's Management Agenda Items (AI)	
Risk Management (RM)			

300.12 What additional information should I know?

You are encouraged, but not required, to provide additional information on the following or other topics related to improving planning, budgeting, and acquisition of capital assets. These topics may be included in the OMB budget review process on capital assets, which may affect policy decisions on asset acquisition. You are encouraged to raise any issues you consider relevant.

(a) *Lumpiness or spikes.*

Lumpiness or spikes (i.e., large, one-time increases in year-to-year appropriations) may create bias against acquiring assets. Give special attention to these spikes for justified, cost-beneficial acquisitions, keeping in mind that the budget authority and outlay limits under the government-wide discretionary caps will continue to constrain resources. This issue is addressed in [Appendix J—section C](#) "Principles of Financing."

(b) *Account structure.*

Certain types of accounts may be preferred to ensure there is no bias against the acquisition of capital assets. You are encouraged to review the account structure to ensure that the most appropriate accounts are being used for the acquisition of capital assets. This issue also is addressed in [Appendix J—section C](#) "Principles of Financing."

(1) *Mixed accounts.* Mixed accounts have spending for both operating and capital asset acquisition in the same account, allowing for competition between the two. Demands for one may "crowd out" the other.

(2) *Asset acquisition accounts.* These accounts are devoted exclusively to the acquisition of capital assets. This type of account may be one way of avoiding lumpiness, if there is a roughly similar level of fully-funded budget authority for asset acquisition each year.

(3) *Revolving funds.* These accounts can also avoid lumpiness, depending on how they are structured. They purchase assets that are "rented" to other accounts, so that the accounts and programs using the assets have a roughly steady year-to-year payment.

(c) *Multi-year availability of appropriations.*

You should ensure that the availability of the requested appropriation allows enough time to complete the acquisition process. If the acquisition process requires more than one year, the appropriations should be made available for the number of years necessary (see part I, section [31.8](#)).

(d) *Other observations.*

You are invited to suggest other methods to improve planning, budgeting, and acquisition of capital assets.

Exhibit 300: Part I: Capital Asset Plan and Business Case (All Assets)

Date of Submission:

Agency:

Bureau:

Budget Account Number:

Account Name:

Account number of any other
budget accounts funding this
investment:

Program Name(s):

Name of Investment:

Unique Project (Investment)
Identifier:

(For IT investment only, see
section [53](#). For all other, use
agency ID system.)

UPI should be created the same
for all investments.

Investment Initiation Date:

Investment Planned Completion Date:

This Investment is:

Initial Concept___ Planning___ Full Acquisition___ Steady State___ Mixed Life Cycle___

Investment/useful segment is funded: Incrementally ___ Fully ___

Was this investment approved by OMB for previous year Budget
cycle? Yes ___ No ___

Did the Executive/Investment Review Committee approve funding
for this investment this year? Yes ___ No ___

Did the CFO review the cost goal? Yes ___ No ___

Did the Procurement Executive review the acquisition strategy? Yes ___ No ___

Did the Project (Investment) Manager identified in section 1.D
review this? Yes ___ No ___

Is this investment included in your agency's annual performance plan or multiple-agency annual performance plans?

Yes ___ No ___

Does this investment support homeland security?

Yes ___ No ___

If this investment supports homeland security, indicate by corresponding number which homeland security mission area(s) this investment supports?

- 1 – Intelligence and Warning;
- 2 – Border and Transportation Security;
- 3 – Defending Against Catastrophic Threats;
- 4 – Protecting Critical Infrastructure and Key Assets;
- 5 – Emergency Preparedness and Response; or
- 6 – Other.

Is this investment information technology?
(see section [53.3](#) for definition)

Yes ___ No ___

For information technology investments only:

a. Is this project (investment) a financial management system?
(see section [53.3](#) for definition)

Yes ___ No ___

If so, does this project (investment) address a FFMIA compliance area?

Yes ___ No ___

If yes, which compliance area?

c. If this is a new or significantly altered investment involving information in identifiable form collected from or about members of the public, has a Privacy Impact Assessment (PIA) with the investment's unique identifier been provided to OMB (at PIA@omb.eop.gov) for this funding cycle?

Yes ___ No ___

d. Was this investment reviewed as part of the FY 2005 Federal Information Security Management Act review process?

Yes ___ No ___

d.1 If yes, were any weaknesses found?

Yes ___ No ___

d.2 Have the weaknesses been incorporated into the agency's corrective action plans?

Yes ___ No ___

e. Has this investment been identified as a national critical operation or asset by a Project Matrix review or other agency determination?

Yes ___ No ___

e.1 If no, is this an agency mission critical or essential service, system, operation, or asset (such as those documented in the agency's COOP Plan), other than those identified as above as national critical infrastructures?

Yes ___ No ___

f. Was this investment included in a Performance Assessment Rating Tool (PART) Review?

Yes ___ No ___

f.1. If Yes, what is the name of the PARTed program (i.e., the program that was reviewed with PART)? (For more details regarding PARTed programs, please see the PART website at [OMB www.whitehouse.gov/omb/part](http://www.whitehouse.gov/omb/part))

PARTed Program

f.2. Does this investment address a weakness found during the PART Review?

Yes ___ No ___

g. Will you use a share-in-savings contract to support this investment? (To be answered for all assets)

Yes ___ No ___

h. Is this investment for construction or retrofit of a Federal building or facility? (Answer applicable to non-IT assets only)

Yes ___ No ___

h.1. If yes, are sustainable design practices included in the requirement? (Answer applicable to non-IT assets only)

Yes ___ No ___

h.2. If yes, is an UESC or ESPC being used to fund the requirement? (Answer applicable to non-IT assets only)

Yes ___ No ___

SUMMARY OF SPENDING FOR PROJECT (INVESTMENT) STAGES									
(in millions)									
(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions.)									
	PY-1 and Earlier	PY 2005	CY 2006	BY 2007	BY+1 2008	BY+2 2009	BY+3 2010	BY+4 and Beyond	Total
Planning:									
Budgetary Resources									
Outlays									
Acquisition :									
Budgetary Resources									
Outlays									
Total, sum of stages:									
Budgetary Resources									
Outlays									
Maintenance:									
Budgetary Resources									
Outlays									
Total, All Stages:									
Budgetary Resources									
Outlays									
Government FTE Costs:									

Note: Government FTE costs shall include Government personnel considered direct and indirect labor in support of this investment. This includes the investment management IPT and any other Government effort (e.g., programming effort for part of the overall investment, development effort) that contributes to the success of the investment. The costs include the salaries plus the fringe benefit rate of 32.8 percent. Agencies should reflect estimates of the costs of internal FTE supporting an IT investment, and should at a minimum include in FTE estimates of anyone spending more than 50 percent of their time supporting this investment. Persons working on more than one investment, whose contributions over all investments would exceed 50 percent of their overall time, should have their specific time allocated to each investment. For the Presidential initiatives, this table should include all funding (both from managing partner and from partner agencies).

I.A. Investment Description

1. Provide a brief description of this investment and its status through your capital planning and investment control (CPIC) or capital programming "control" review for the current cycle.
2. What assumptions are made about this investment and why?
3. Provide any other supporting information derived from research, interviews, and other documentation.

I.B. Justification (All Assets)

In order for IT investments to successfully address support of the President's Management Agenda and justification of the investment, the investment should be collaborative and include industry, multiple agencies, State, local, or tribal governments, use e-business technologies and be governed by citizen needs. If the investment is a steady state investment, then an E-Gov strategy review is underway and includes all the necessary elements. If appropriate, this investment is fully aligned with one or more of the Presidential initiatives.

1. How does this investment support your agency's mission and strategic goals and objectives?
2. How does it support the strategic goals from the President's Management Agenda?
3. Are there any alternative sources in the public or private sectors that could perform this function?
4. If so, explain why your agency did not select one of these alternatives.
5. Who are the customers for this investment?
6. Who are the stakeholders of this investment?
7. If this is a multi-agency initiative, identify the agencies and organizations affected by this initiative.
- 7.A. If this is a multi-agency initiative, discuss the partnering strategies you are implementing with the participating agencies and organizations.

For the multi-agency initiative (i.e. Presidential initiatives, other collaborative projects between agencies), include in your answer to question I.B.7.A:

- the name(s) of partner agencies;
- the UPI of the partner agency investments; and
- the partner agency contributions for CY and BY

8. How will this investment reduce costs or improve efficiencies?

9. List all other assets that interface with this asset. Have these assets been reengineered as part of this investment? Yes/No

I.C. Performance Goals and Measures (All Assets)

In order to successfully address this area of the business case, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives that this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1						
Fiscal Year	Strategic Goal(s) Supported	Existing Baseline	Planned Performance Improvement Goal	Actual Performance Improvement Results	Planned Performance Metric	Actual Performance Metric Results
2004						
2004						
2005						
2005						

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Agencies should provide all the Measurement Indicators for this investment. There should be at least one Measurement Indicator in each of the four Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov. Agencies also should ensure there is a complete tie-in to the strategic goals and objectives described in section I.B.1.

Table 2						
Fiscal Year	Measurement Area	Measurement Category	Measurement Indicator	Baseline	Planned Improvements to the Baseline	Actual Results
2005	Mission and Business Results					
2005	Customer Results					
2005	Processes and Activities					
2005	Technology					
2006	Mission and Business Results					
2006	Customer Results					
2006	Processes and Activities					
2006	Technology					
2007	Mission and Business Results					
2007	Customer Results					
2007	Processes and Activities					
2007	Technology					
Etc.	Etc.					

I.D. Project (Investment) Management (All Assets)

The OMB Circular A-11, Part 7 (section 300), *Capital Programming Guide*, and the OPM Project Management Guidance "Interpretive Guidance for Project Manager Positions," discuss project management structures, responsibilities, and qualifications that contribute to successful achievement of cost, schedule, and performance goals.

1. Is there a project (investment) manager assigned to the investment?

Yes _____ No _____

If so, what is his/her name?

1.A. Identify the members, roles, qualifications, and contact information of the in-house and contract project (investment) managers for this project (investment).

2. Is there a contracting officer assigned to the project (investment)?

Yes _____ No _____

If so, what is his/her name?

3. Is there an Integrated Project Team? Yes _____ No _____
- 3.A. If so, list the skill set represented. _____
4. Is there a sponsor/owner for this investment? Yes _____ No _____
- 4.A. If so, identify the sponsor/process owner by name and title and provide contact information. _____

I.E. Alternatives Analysis (All Assets)

In order to successfully address this area of the business case, include three viable alternatives that were compared consistently, identify the alternative chosen, and provide benefits and reasons for your choice. The agency must identify all viable alternatives and then select and report details on the top three viable alternatives. Use OMB Circular A-94 for all investments, and the Clinger Cohen Act for IT investments for the criteria to be used for Benefit/Cost Analysis. Agency must include the minimum criteria to be applied in considering whether to undertake a particular investment, including criteria related to the quantitatively expressed projected net, risk-adjusted return on investment, and specific quantitative and qualitative criteria for comparing and prioritizing alternative investments. For IT investments, agencies should use the Federal Enterprise Architecture (FEA) to identify potential alternatives for partnering or joint solutions that may be used to close the identified performance gap.

1. Describe the alternative solutions you considered for accomplishing the agency strategic goals or for closing the performance gap that this investment was expected to address. Describe the results of the feasibility/performance/benefits analysis. Provide comparisons of the returns (financial and other) for each alternative.

1.A. Discuss the market research that was conducted to identify innovative solutions for this investment (e.g., used an RFI to obtain four different solutions to evaluate, held open meetings with contractors to discuss investment scope, etc.). Also describe what data was used to make estimates such as, past or current contract prices for similar work, contractor provided estimates from RFIs or meetings, general market publications, etc.

Alternative	Description
Alternative 1	
Alternative 2	
Alternative 3	

2. Summarize the results of your life-cycle cost analysis performed for each investment and the underlying assumptions.

Cost Elements	Alternative 1	Alternative 2	Alternative 3
Element 1			
Element 2			
Element 3			
Element 4			
Element 5			
Total			

3. Which alternative was selected and why was it selected?

3.A. Will any quantitative benefits be achieved through this investment (e.g., systems savings, cost avoidance, stakeholder benefits, etc)? Define the return on investment (ROI).

3.B. For the alternative selected, provide a financial summary, including net present value by year and payback period calculations:

YEAR =	FY	FY	FY	FY	FY	FY	FY	FY	FY

4. What is the date of your cost benefit analysis?

I. F. Risk Inventory and Assessment (All Assets)

In order to successfully address this issue on the business case and capital asset plan, you must have performed a risk assessment at the initial concept, included mandatory risk elements defined below and demonstrate active management of the risk throughout the life-cycle of the investment.

For all investments, both IT and non-IT, you must discuss each of the following risks and present your plans to eliminate, mitigate, or manage risk, with milestones and completion dates. If there is no risk to the investment achieving its goals from a risk category, indicate so. If there are other risks identified, please include them. Risk assessments should include risk information from all stakeholders and should be performed at the initial concept stage and then monitored and controlled throughout the life-cycle of the investment. Risk assessments for all investments must include: 1) schedule; 2) initial costs; 3) life-cycle costs; 4) technical obsolescence; 5) feasibility; 6) reliability of systems; 7) dependencies and interoperability between this investment and others; 8) surety (asset protection) considerations; 9) risk of creating a monopoly for future procurements; 10) capability of agency to manage the investment; and 11) overall risk of investment failure.

In addition, for IT investments, risk must be discussed in the following categories: 12) organizational and change management; 13) business; 14) data/info; 15) technology; 16) strategic; 17) security; 18) privacy; and 19) project resources. For security risks, identify under the Description column the level of risk as high, medium, or basic. What aspect of security determines the level of risk, i.e., the need for confidentiality of information, availability of information or the system, reliability of the information or system? Under the Current Status column, list the milestones remaining to mitigate the risk.

Date Identified	Area of Risk	Description	Probability of Occurrence	Strategy for Mitigation	Current Status

1. What is the date of your risk management plan?

I.G. Acquisition Strategy

In order to adequately address this area of the business case and capital asset plan you must employ a strong acquisition strategy that mitigates risk to the Federal Government, accommodate Section 508 as needed, and use performance based contracts and statements of work (SOWs). If not using performance based fixed price contracts, the acquisition strategy should clearly define the risks that prompted the use of other than performance based contracts and SOWs. Finally, implementation of the Acquisition Strategy must be clearly defined.

1. Will you use a single contract or several contracts to accomplish this investment?
 - 1.A. What is the type of contract/task order if a single contract is used?
 - 1.B. If multiple contract/task orders will be used, discuss the type, how they relate to each other to reach the investment outcomes, and how much each contributes to the achievement of the investment cost, schedule and performance goals. Also discuss the contract/task order solicitation or contract provisions that allow the contractor to provide innovative and transformational solutions.
2. For other than firm-fixed price, performance-based contracts, define the risk not sufficiently mitigated in the risk mitigation plan, for that contract/task order, that requires the Government to assume the risk of contract achievement of cost, schedule and performance goals. Explain the amount of risk the Government will assume.
3. Will you use financial incentives to motivate contractor performance (e.g. incentive fee, award fee)?
4. Discuss the competition process used for each contract/task order, including the use of RFP's, schedules or other multiple agency contracts, etc?
5. Will you use commercially available or commercial off-the-shelf (COTS) products for this investment?
 - 5.A. To what extent will these items be modified to meet the unique requirements of this investment?
 - 5.B. What prevented the use of COTS without modification?
6. What is the date of your acquisition plan?
7. How will you ensure Section 508 compliance?
8. Acquisition Costs:
 - 8.A. For the budget year, what percentage of the total investment is for hardware acquisition?
 - 8.B. For the budget year, what percentage of the total investment is for software acquisition?
 - 8.C. For the budget year, what percentage of the total investment is for services acquisition?

I.H. Project (Investment) and Funding Plan

In order to successfully address this section of the business case, you must demonstrate use of an EVM system (EVMS) meeting ANSI/EIA Standard 748, for both Government and contractor costs, for those parts of the total investment requiring development efforts (e.g., prototypes and testing in the planning phase and development efforts in the acquisition phase) and show how close the investment is to meeting the approved cost, schedule and performance goals. Information on EVMS is available at www.acq.osd.mil/pm. For those investments in the operations/steady state phase, you must perform an operational analysis as defined in the *Capital Programming Guide* to demonstrate how close the investment is to achieving the expected cost, schedule and performance goals for this phase. Program status information in this section must include both the contractor's part of the investments overall costs and milestone requirements as well as the Government's costs and milestone requirements to successfully complete the investment phase, segment or module being reported.

I.H.1. Description of performance-based management system (PBMS)

Explain the methodology used by the agency to analyze and use the earned value performance data to manage performance. Describe the process you will use or used to verify that the contractor's project management system follows the ANSI/EIA Standard 748–A. If the investment is operational (steady state), define the operational analysis system to be used. If this is a mixed life-cycle investment with both operational and development/modernization/enhancement (DME) system improvement aspects, EVM system must be used on the system improvement aspects of the investment and operational analysis on the operations aspects. Using information consistent with the work breakdown structure (WBS), provide the information requested in all parts of this section.

I.H.2. Original baseline (OMB-approved at investment outset)

What are the cost and schedule goals for this phase or segment/module of the investment (e.g., what are the major investment milestones or events; when will each occur; and what is the estimated cost to accomplish each one)? Also identify the funding agency for each milestone or event if this is a multi-agency investment. For operational or steady state projects, complete one line on the chart for each year of this phase. If the project is mixed life-cycle, there will be two parts to the chart; one for the operations and maintenance (O&M) portion and one for the developmental portion using EVMS. If this is a multi-agency investment or one of the Presidential initiatives, use the detailed investment plan with milestones on the critical path, to identify agency funding for each module or milestone. (This baseline must be included in all subsequent reports, even when there are OMB-approved baseline changes shown in I.H.4).

Cost and Schedule Goals: Original Baseline for a Phase/Segment/Module of Project (Investment)					
Description of Milestone	Schedule			Planned Cost (\$M)	Funding Agency
	Start Date	End Date	Duration (in days)		
1.					
2.					
3.					
Completion date:				Total cost estimate at completion:	

I.H.3. Proposed baseline (applicable *only* if agency intends to propose a baseline modification)

Identify in this section the proposed change to the original or current OMB-approved baseline. What are the new cost and schedule goals for the phase or segment/module (e.g., what are the major investment milestones or events; when will each occur; and what is the estimated cost to accomplish each one)? Also identify the funding agency for each milestone or event if this is a multi-agency investment. If this is a new investment in the FY 2007 Budget year or if the agency does not intend to propose a new baseline modification, this section will be blank for your budget submission.

Cost and Schedule Goals: Proposed Baseline for a Phase/Segment/Module of Project (Investment)					
Description of Milestone	Schedule			Planned Cost (\$M)	Funding Agency
	Start Date	End Date	Duration (days)		
1.					
2.					
3.					
Completion date:				Total cost estimate at completion:	

I.H.4 Actual performance and variance from OMB-approved baseline (original or current)

A. This section must be filled in to reflect current status of the investment. It compares the OMB approved baseline and actual results for this phase, segment, or module of the investment. Show for each major investment milestones or events you planned (scheduled) to accomplish and the cost and what work was actually done and the cost. If the project is in the operational or steady state phase, complete one line on the chart for each year. For these projects complete paragraphs C, D, F and G as appropriate. If this is a new investment in the FY 2007 Budget year, this will be blank for your budget submission. OMB may ask for latest information during the budget review process.

Comparison of OMB-Approved Baseline (original or current) and Actual Outcome for Phase/Segment/Module of a Project (Investment)									
Description of Milestone	OMB-Approved Baseline					Actual Outcome			
	Schedule			Planned Cost (\$M)	Funding Agency	Schedule		Percent Complete	Actual Cost (\$M)
	Start Date	End Date	Duration (days)			Start Date	End Date		
1.									
2.									
3.									
Completion date: OMB-approved baseline:						Estimated completion date:			
Total cost: OMB-approved baseline:						Estimate at completion:			

B. Provide the following investment summary information from your EVMS data (as of date):

B.1. Show the budgeted (planned) cost of work scheduled (BCWS): \$ _____

B.2. Show budgeted (planned) cost of work actually performed (BCWP): \$ _____

B.3. Show the actual cost of work performed (ACWP): \$ _____

B.4. Provide a performance curve graph plotting BCWS, BCWP and ACWP on a monthly basis from inception of this phase or segment/module through the latest report. In addition, plot the ACWP curve to the estimated cost at completion (EAC) value, and provide the following EVMS variance analysis.

Project (Investment) Summary (Cumulative)	Value
Cost Variance = (BCWP-ACWP) =	
Cost Variance % = (CV/BCWP) x 100% =	
Cost Performance Index (CPI) = (BCWP/ACWP) =	
Schedule Variance = (BCWP-BCWS) =	
Schedule Variance % = (SV/BCWS) x 100% =	
Schedule Performance Index (SPI) = (BCWP/BCWS) =	
Two independent Estimates at Completion (EAC) = ACWPcum + (Performance Factor (PF) X (BAC minus BCWPcum)), where $PF_1 = 1/CPI$, and $PF_2 = 1/(CPI \times SPI)$. =	
Variance at Completion (VAC) = (BAC minus EAC) for both EACs above =	
Variance at Completion % = (VAC/BAC) x 100% for both EACs above =	
Estimated Cost to Complete (ETC)=	
Expected Completion Date =	

Definitions for Earned Value Management System:

ACWP—Actual Cost of Work Performed – What you paid.

BAC—Budget At Completion – The baseline (planned) budget for the investment.

BCWP—Budgeted Cost for Work Performed – The earned value.

BCWS—Budgeted Cost for Work Scheduled – The planned costs.

CPI—Cost Performance Index – The ratio of the budgeted to actual cost of work performed.

CV—Cost Variance – The difference between planned and actual cost of work performed.

EAC—Estimate At Completion – The latest estimated cost at completion.

ETC—Estimate to Completion – Funds needed to complete the investment.

PF—Performance Factor – The cost to earn a dollar of value, or ACWP/BCWP, or 1/CPI.

SPI—Schedule Performance Index – The percent of the investment that has been completed.

SV—Schedule Variance – The variance between the actual and planned schedules.

VAC—Variance at Completion – The variance between the baseline and actual budget at completion.

C. If cost and/or schedule variance are a negative 10 percent or more at the time of this report or EAC is projected to be 10 percent or more, explain the reason(s) for the variance(s).

D. Provide performance variance. Explain based on work accomplished to date, whether or not you still expect to achieve your performance goals. If not, explain the reasons for the variance. For steady state projects, in addition to a discussion on whether or not the system is meeting the program objectives, discuss whether the needs of the owners and users are still being met.

E. For investments using EVMS, discuss the contractor, Government, and at least the two EAC index formulas in I.H.4.B, current estimates at completion. Explain the differences and the IPT's selected EAC for budgeting purposes. This paragraph is not applicable to operations/steady state investments.

F. Discuss the corrective actions that will be taken to correct the variances, the risk associated with the actions, and how close the planned actions will bring the investment to the original baseline. Define proposed baseline changes, if necessary.

G. If the investment cost, schedule or performance variances are 10 percent or greater, has the Agency Head concurred in the need to continue the program at the new baseline?

Yes ____ No ____

Exhibit 300: Part II: Additional Business Case Criteria for Information Technology

II. A. Enterprise Architecture (EA)

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and CPIC process, and is mapped to and supports the FEA. You must also ensure that the business case demonstrates the relationship between the investment and the business, data, application, and technology layers of the EA.

II.A.1 Business

A. Is this investment identified in your agency's enterprise architecture? If not, why?

A.1 Will this investment be consistent with your agency's target architecture?

B. Was this investment approved through the EA Review Committee at your agency?

C. What are the major process simplification/reengineering/design projects that are required as part of this IT investment?

D. What are the major organization restructuring, training, and change management projects that are required?

E. Please list up to three non-primary Business Reference Model (BRM) mappings to describe the functions that this IT investment supports. A BRM mapping consists of a mapping to a Line of Business and an associated Sub-function from the FEA BRM. The *primary* BRM mapping for this initiative should have been identified with the last six digits of the unique project (investment) identifier in section 300 Part 1 and in section 53.8, and it should *not* be reentered here. The BRM has been updated since last year. For a list of the updated BRM Lines of Business and Sub-functions, go to www.egov.gov. (Note: The Services for Citizens area and the Mode of Delivery area should be thought of collectively. If you identified your *primary* Line of Business and Sub-function in section 53.8 as a Service for Citizen, at a minimum you should identify the corresponding Mode of Delivery that applies in this section).

Line of Business	Sub-function

II.A.3 Applications, Components, and Technology

A. To demonstrate how this major IT investment aligns with the FEA Service Component Reference Model (SRM), list the Service Domains, Types, and Components supporting this IT investment. Also include the component description and indicate whether this is a new component (i.e., currently not identified in the SRM). If this is a new Service Component, agencies also should leave the "Component" field blank and provide a name

and description in the “Relation to SRM” field. The SRM has been updated since last year. For more information on the SRM, go to www.egov.gov.

Relation to SRM (i.e., Component Description)	Service Domain	Service Type	Component	New Component? (Yes or No)

C. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, and Standards supporting this IT investment. Also, the “Relation to TRM” field should be the “Relation to SRM” field, and agencies should indicate the SRM Service Component to which the TRM service standard is linked. In addition, because the “Service Specification” layer was removed from the TRM, agencies should not provide a Service Specification mapping. Instead, agencies should provide information on the vendor and product mapped to the Service Standard in the “Service Specification” field only for those products that have already been acquired. For more information on the TRM, go to www.egov.gov.

Relation to SRM	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)

D. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)? If so, please describe.

E. Financial management systems and projects, as indicated in Part I, must be mapped to the agency’s financial management system inventory provided annually to OMB. Please identify the system name(s) and system acronym(s) as reported in the most recent systems inventory update required by Circular A–11 section [52.4](#).

II. B. Security and Privacy

In order to successfully address this area of the business case, each question below must be answered at the investment (system/application) level, not at a program or agency level. Simply referring to security plans or other documents is not an acceptable response. For IT investments under development, security planning must proceed in parallel with the development of the system to ensure that IT security requirements and costs for the lifecycle of the investment are identified and validated. All IT investments must have up-to-date security plans and be fully certified and accredited prior to becoming operational. Anything short of a full certification and accreditation indicates identified IT security weaknesses remain and need to be remedied. Additionally, to ensure requests for increased IT security funding are appropriately addressed and prioritized, the agency must identify: 1) current costs; 2) current IT security performance gaps; and 3) how the funding request will close the performance gaps. This information must be provided to OMB through the agencies’ plan of action and milestone developed for the system and tied to the IT business case through the unique project (investment) identifier.

In addition, agencies must demonstrate that they have fully considered privacy in the context of this investment. Agencies must comply with Section 208 of the E-Government Act and implement guidance in OMB Memorandum 03–22 (September 2003) which requires agencies, in appropriate circumstances, to conduct a privacy impact assessment that evaluates the privacy risks, alternatives and protective measures implemented at each stage of the information life cycle. Agencies should utilize the guidance provided in OMB Memoranda 03–

22 in conducting the PIA and submit a copy, using the unique project (investment) identifier, to OMB at PIA@omb.eop.gov.

II.B.1. How is security provided and funded for this investment (e.g., by program office or by the CIO through the general support system/network)?

A. What is the total dollar amount allocated to IT security for this investment in FY 2007? Please indicate whether an increase in IT security funding is requested to remediate IT security weaknesses, specifying the amount and a general description of the weakness.

II.B.2 Please describe how the investment (system/application) meets the following security requirements of the Federal Information Security Management Act, OMB policy, and NIST guidelines:

A. Does the investment (system/application) have an up-to-date security plan that meets the requirements of OMB policy and NIST guidelines? What is the date of the plan?

B. Has the investment been certified and accredited (C&A)?

Note: Certification and accreditation refers to a full C&A and does not mean interim authority to operate. Additionally, specify the C&A methodology used (e.g., NIST or National Security guidelines) and the date of the last review. C&As are to be performed prior to the system becoming operational. If the system(s) described in the business case are in the initial concept, planning, or development phase, the agency needs to state that a C&A will be conducted prior to the system becoming operational. Please include the planned date for any system not yet operational.

C. Have the management, operational, and technical security controls been tested for effectiveness? When were most recent tests performed?

D. Have all system users been appropriately trained in the past year, including rules of behavior and consequences for violating the rules?

E. How has incident handling capability been incorporated into the system or investment, including intrusion detection monitoring and audit log reviews? Are incidents reported to DHS' FedCIRC?

F. Is the system operated by contractors either on-site or at a contractor facility? If yes, does any such contract include specific security requirements required by law and policy? How are contractor security procedures monitored, verified, and validated by the agency?

II.B.3 How does the agency ensure the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access?

II.B.4 How does the agency ensure that the handling of personal information is consistent with relevant government-wide and agency policies?